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Christy Perry, Superintendent

Date: January 31, 2022  
TO: Christy Perry, Superintendent  
FROM: Sarah Head, Director of Budget and Financial Services  
RE: Financial Update for the Quarter Ended December 31, 2021

Board Policy EL-8, Item 6 sets out a provision for the School Board to receive quarterly financial reports that include a recap of changes between the current and previous report in expenditures, revenue, enrollment, and a projected ending fund balance. The information provided in this memo summarizes the highlights of the second quarterly report for the 2021-22 fiscal year.

**Comparison of September 30, 2021 to December 31, 2021 Report:**

As of December 2021, the district is estimating an increase of \$22.3 million to the General Fund projected ending fund balance, net of transportation facility, over the September Financial Update mainly due to continued savings associated with personnel vacancies. The General Fund projected ending fund balance net of the transportation facility of \$95.1 million is 15.11% of operating revenue.

**Current Year (2021-22) Outlook:**

- **Revenue** – The district is forecasting a slight increase of \$0.4 million in General Fund revenue, net of the transportation facility, as compared to the September Financial Update.
- **Expenditures** – The district is forecasting an additional General Fund expenditure under-spending of approximately \$21.9 million, net of transportation facility, as compared to the September Financial Update. The under-spending is comprised of \$23.1 million in salaries and associated payroll costs due to increased staff vacancies. The district continues to endure staff shortages in the current school year. An increase of \$1.2 million in supplies and materials and purchased services expenses is projected.
- **Enrollment** – The December 2021 enrollment includes 39,784 students compared to 39,956 from last December, a decrease of 172 students. The district continues to monitor current enrollment numbers and other factors that are impacting the continued decline in enrollment.
- **Summary and Look Ahead**  
The district is projecting a General Fund ending fund balance of \$95.1 million, or 15.11% of operating revenue, net of transportation facility. Nevertheless, the district is still faced with uncertainties that may impact this projection. Enrollment continues to decline. Oregon Department of Education (ODE) will be issuing an updated State School Fund (SSF) estimate in the next month and as long as other districts are experiencing the same enrollment decline, SSF revenue will remain steady. The COVID-19 pandemic continues to impact the district and it continuously makes decisions and changes to address current conditions and to adhere to state and federal guidelines. The district is now in the process of preparing for the next budget fiscal year. Expenses are expected to increase. The 2022-23 SSF estimates will not be available until March. With all these unknown factors, the ending fund balance becomes more crucial in planning for the upcoming budget fiscal year and thereafter.

**Salem-Keizer Public Schools**  
**General Fund Revenue & Expenditure Projection**  
**Fiscal Year Ending June 30, 2022**  
**Quarter Ended December 31, 2021**

	<b>2021-22</b>
State Formula Revenue	\$ 463,772,408
Exempt Revenue	42,748,000
Fund Transfers	3
Total Revenue	<b>\$ 506,520,411</b>
Beginning Fund Balance	102,400,000
Total Budgeted Resources	<b>\$ 608,920,411</b>
Total Expenditure Budget	<b>\$ 608,920,411</b>
Total Budgeted Resources	\$ 608,920,411
Less: Budgeted Beginning Fund Balance	(102,400,000)
Add: Actual Ending Fund Balance 2020-21	121,196,548
Total Budgeted Operating Revenue - Prior to Year End	<b>\$ 627,716,959</b>
Year End Revenue Increase (Decrease)	1,716,319
Total Operating Revenue	<b>\$ 629,433,278</b>
 <b><u>Fund Balance Projection</u></b>	
Actual Beginning Fund Balance	\$ 121,196,548
Less Budgeted Carryforward - Fund Balance	(102,400,000)
Adjust Increase (Decrease) - Projected Revenue	1,716,319
Adjust Decrease (Increase) - Projected Expenses - Includes Contingency	88,626,449
Projected Ending Fund Balance, Including Transportation Facility	<b>\$ 109,139,316</b>
Restricted for Transportation Facility	14,028,934
Projected Ending Fund Balance, Net of Transportation Facility	<b>\$ 95,110,382</b>
Projected Ending Fund Balance as a Percent of Operating Revenue	15.11%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	